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TO : Chief of Logistics
FROM : Chief, Procurement Division
SUBJECT: Weekly Activity Report

10 November 1954

1. GENERAL

a. Status of DP Contracts Obligated Under Fiscal Year 1952 Funds
(continued item)

(1) Awaiting Industrial Contract Audit Branch Report:

25X1A5a1

DP-6
DP-8
DP-13
DP-15

* Audit was performed in September and report is in the process of being written. ICAB anticipated release of the report on 27 October, then 2 November but have subsequently revised the date to 10 November.

** On 15 July 1954, in a meeting with representatives of the Comptroller's office, it was agreed that an ICAB auditor would visit this contractor for discussion of costs. An audit was performed during the week of 6 October 1954 on several Research Orders under Contract RD-45 in order to gather information to be used in the evaluation of the cost breakdown submitted under DP-8. ICAB anticipated release of the report on approximately 27 October but have subsequently revised the date to 5 November 1954. ICAB is awaiting a letter from the contractor which was received and forwarded to ICAB on 3 November 1954. ICAB anticipates release of the report on 10 November 1954.

*** Meeting held 29 October with the contractor regarding audit of subcontractor. Contractor will advise by letter when audit can be made.

**** Contractor's letter of 30 September 1954 requesting clarification of certain ICAB disallowed costs prior to executing settlement Supplemental Agreement was submitted to ICAB on 8 October 1954. ICAB anticipated release of reply on 25 October, then 29 October, then 5 November 1954 but have subsequently revised the date to 10 November 1954.

(2) Settlement Letter to Contractor:

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DP-5

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Comments were received 7 September questioning amount of royalties allowed. Memo was prepared and is being reviewed, which recommends withholding settlement of the royalty problem until such time as actual royalties are known. The contractor was contacted and by letter received 1 October gave additional information on the license agreements. Said letter was reviewed and the proposal was sent to the contractor on 22 October 1954.

(3) Proposed Settlement Letter Prepared - Being Reviewed by Procurement Division:

25X1A5a1

DP-14 [REDACTED]

Audit was performed in May 1954 but the report has been delayed because of the unavailability of the auditor who performed the work, whose absence was caused when unexpected conditions were encountered on another audit which delayed his return for several months. Report received 3 November 1954. Letter to contractor prepared 4 November 1954.

(4) Settlements Completed:

25X1A5a1

DP-7
DP-16 [REDACTED]

b. Procurement of Quartz Crystals for OC (completed item):

25X1A5a1

Since no further word had been received from [REDACTED] regarding their allegation of a mistake in their bid submitted in response to invitation for bids on crystals, that firm was contacted by phone on 4 November concerning status of letter which they had promised earlier in this regard. [REDACTED] was advised that the placing of the contract could not be delayed further and that unless their letter was received by 8 November award would be made to their firm. In response, [REDACTED] stated that they would deliver the letter in person on 5 November 1954. Representatives of that corporation did not visit this office on 5 November, nor has any contact been made with this office since the 4 November phone call. Since no apparent justification exists for not awarding the contract to the [REDACTED] this branch is proceeding with preparation and execution of the contract with that firm.

25X1A5a1

25X1A5a1

25X1A5a1

2. ITEMS OF INTEREST

a. NEA - Stock Items: (completed item)

A meeting was held by the representatives of this Division and Supply Division relative to the objections raised by the NEA Division to the taking of household items from stock. It was decided that the Chief, Depot Stock Control Section, would screen requests for these items to determine whether savings from stock would outweigh the initiation of Special Procurement action. The consensus was that if savings could be effected through issuance of stock items, the security factor of delivery could be resolved by delivery through a cleared storage firm.

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25X1A2g

b. Project [REDACTED] : (new item)

25X1A2g

Two requisitions with a rush priority have been received 9 November from the [REDACTED] Project for accessories to be used with hydraulic equipment. The Special Purchase Branch is initiating inquiries to ascertain whether or not delivery of these accessories can be made to meet the specified deadline date.

c. Inspector General Survey: (new item)

25X1A9a

Mr. [REDACTED] of the Office of the Inspector General, arrived at the Special Purchase Branch the latter part of last week and is currently conducting his survey of this branch.

25X1C10b

e. Photographic Equipment: (continued item)

This Branch as yet has had no response from the [REDACTED] relative to the remaining items of photographic equipment to be procured in the field.

25X1A6a

f. Purchase Discounts: (new item)

25X1A5a1

Since the negotiations with the Regional Manager of [REDACTED] resulted in a grant of 10% discount on the covert purchases made through that firm, the problem has arisen as to the proper accountable method through which these discounts may be reported. Conferences were held by the Special Purchase Branch representatives with the Finance Division in an effort to resolve a procedure whereby the discounts can be properly funneled back into the Agency, yet at the same time make it possible to utilize these funds. The Finance Division has the matter under consideration and will advise the Special Purchase Branch of its proposed procedure in the near future.

25X1A5a1

g. [REDACTED] (continued)

25X1C10b

No change.

h. Changing Petty Cash Fund (Unvouchered) to Vouchered Imprest Funds:
(continued)

No substantial change; awaiting reply from Comptroller's Office.

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i. Mimeograph Paper: (continued)

No substantial change. The possibility of selling this paper to another customer as mentioned in last week's report was not accomplished. Contractor advises that he lost the sale by approximately a cent or so per ream. However, he is continuing to attempt to sell the paper to another customer. In addition, there is a possibility the Agency could use the paper to fill estimated requirement from the WH Division. This matter is being investigated and an answer should be obtained within the next few days.

j. Special Containers for Classified Trash: (continued)

Drawings on the proposed container have been obtained and specifications are in the process of being written, and informal invitations should go out within the next two or three days.

k. Procurement Review Committee: (continued)

This Committee held one meeting on 8 November. The Committee reviewed a total of six new cases and was able to resolve four of them. The remaining two cases have been tabled for review upon receipt of additional information.

l. Logistics Support Program: (continued)

The Procurement Training Agenda and all necessary preparation was completed for the Fifth Logistics Support Program in which the Division is participating 9-10 and 12 November.

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